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BEFORE THE ARIZONA CORPORATION COMMISSION

Jim Irvin  
Chairman  
Renz D. Jennings  
Commissioner  
Carl Kunasek  
Commissioner

AZ CORP COMMISSION

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DOCUMENT CONTROL

IN THE MATTER OF COMPETITION IN THE )  
PROVISION OF ELECTRIC SERVICES )  
THROUGHOUT THE STATE OF ARIZONA )

DOCKET NO.  
RE-00000C-94-0165

**ACAA's COMMENTS ON THE FINAL RULE**

ACAA's final comments on the Rule are short and to the point. They will focus on consumer benefits and opportunities.

In Findings of Fact, item 7 states that "Fairness and efficiency in the transition to competition will be promoted by maintaining the original transition date, which coincides with the transition date applicable to SRP." It is too bad that the same sentiment does not hold true for providing small consumers with real opportunities or benefits.

Section 8 says that the Rule revisions will provide guidance for an orderly transition understandable for consumers. The section goes on to address the fairness and efficiency for all market participants. The best that can be said about these rule revisions is that they are infinitely more fair for some than for others. The "big dogs" will eat first in Arizona. While they are gorging on their opportunity, the "little dogs" will be searching for a scrap in a bowl of empty promises.

Residential consumers are held captive by this new rule. The overwhelming majority of residential consumers will continue to pay full costs in their standard offer rates while larger customers enjoy the opportunities of the competitive market and generous benefits of lower rates. Low-income and residential consumers can only hope that by the time they are allowed to compete there is some low cost electricity left over.

By the time residential consumers get the opportunity to compete fully, they will have a very short time before excess capacity runs out. Once gone, it only follows that there will be upward pressure on rates. There is a limited period of possible lower rates after which consumers will be facing increased rates because of increased demand.

Earlier in the process, residential consumers were promised "benefits in lieu of competition". Apparently, the only rate decreases for residential consumers will likely enjoy are those already in the pipeline. Through various incarnations of the Rule, mandated rate reductions were softened over time to a mere suggestion. ACAA recommends that the language be revised to read: Each Affected Utility shall file a report

detailing possible mechanisms to provide benefits, such as rate reductions of 3% - 5%, **over and above those already planned**, to all customers determined not to be eligible for competitive electric services directly or through aggregation in a manner consistent with R14-2-1604 (B). **It is the intent of the Commission that customers not able to participate in the competitive market see real benefits in lieu of competitive opportunities.**

ACAA again asks the Commission to acknowledge two working group reports filed this summer, the Low-income Issues Working Group Report and the Consumer Education Working Group Report. Like the Stranded Costs or Unbundled working groups, many people gave precious time to participate and provide important information to the Commission. Those reports and their recommendations are worthy of a brief public presentation. ACAA asks that the Commission make time at a future open meeting for formal acknowledgement of these valuable reports.

ACAA further recommends that the Commission make consumer education a priority issue. Today and throughout the ten years of long distance competition, consumers are confused about how to shop for the lowest long distance rates. Electricity is far more vital for most consumers than telephones and it is far more complicated. Postponing education is a disservice to consumers.

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